



A guide on how to get started with sustainable procurement

PROGRESSIVE
SYSTEMS

GPG GROSVENOR
PERFORMANCE
GROUP



Responsible procurement contributes to a sustainable world...

We all have a part to play in creating a world that is fit for future generations

How to get started

Progress, not perfection, is the key. Why not try one of the below?

- > define the key drivers for your business and align them with sustainability objectives
- > communicate your organisation's sustainability values and objectives
- > determine sustainability priorities based on relevance and significance to your business
- > integrate sustainability considerations into your category management
- > check if your own processes, like delivery, price and payment expectations, are creating sustainably adverse impacts.

Want to hit the ground running?

[Our program](#) facilitates a practical three-day workshop which leaves your team with tangible outcomes to help your organisation take the first steps toward sustainable procurement planning and reporting.

Sustainable Procurement can help all organisations make a positive and ongoing contribution.

Introduction

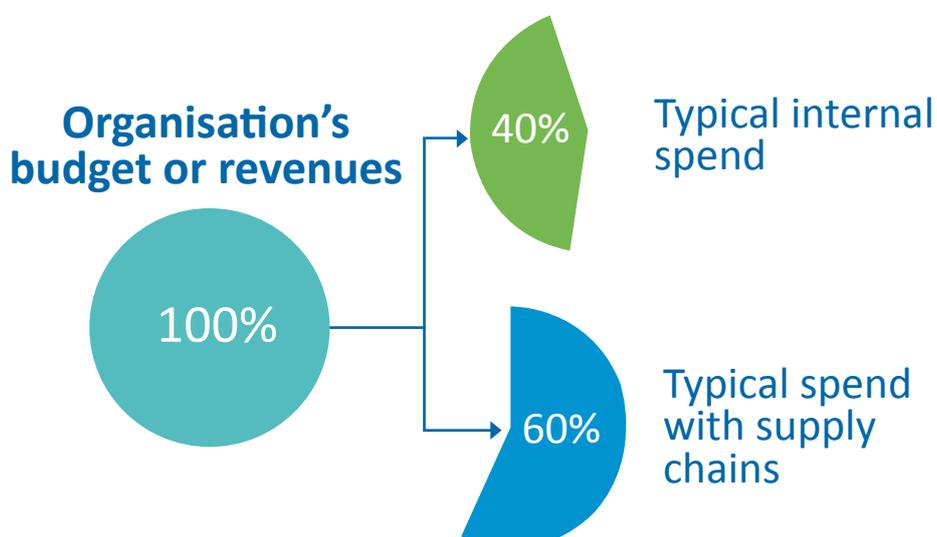
Many organisations both public and private, have implemented Corporate Social Responsibility (CSR) not only as a key to risk mitigation, but also as a core element for building organisational value.

The ISO 20400 on Sustainable Procurement further supports CSR initiatives by integrating sustainability within procurement. This is important as procurement influences a considerable proportion of an organisation's expenditure.

Sustainable procurement can be defined as:

'Procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle'.

Sustainability objectives cannot be fully met without the contribution of procurement, including management of supply chains. A typical organisation's budget includes a sizable percentage of spend with external suppliers.



Background

52 countries contributed to the development of the ISO 20400 via their respective national standards organisations and under the umbrella of the International Standards Organisation (ISO). The participating countries represent:

- > 65% of the world's population
- > 85% of the world's GDP
- > 73% of the world's carbon emissions

Other major international organisations participating in the project have included the **UN, OECD, Global Compact Network and European Commission.**

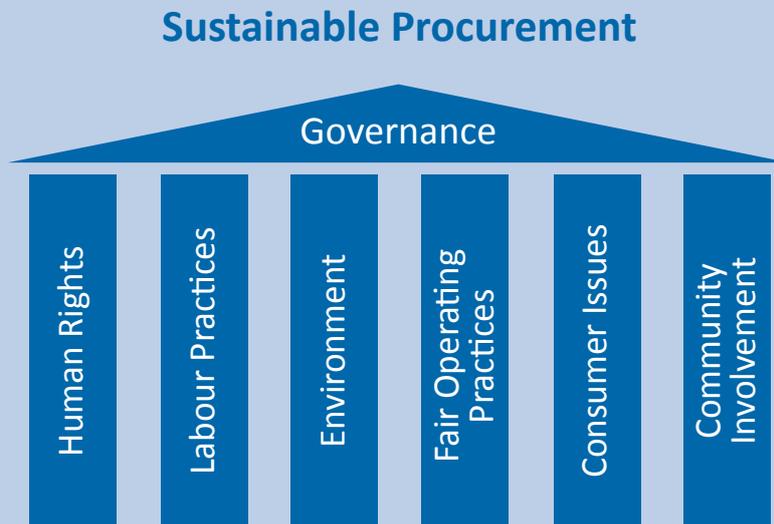
In 2015 the United Nations countries adopted the 2030 Agenda for Sustainable Development and its **17 Sustainable Development Goals (SDG).**



The **ISO 20400** helps support the SDG initiative as well as other Standards such as ISO 26000 Guidance on Social Responsibility.

What does it cover?

The seven core subjects of **ISO 20400** are illustrated in the figure below.



Some examples of these subjects are listed below:

Subjects	Examples
Governance	Making decisions, implementing actions, monitoring results
Human Rights	Rights at work, modern day slavery, bonded labour
Labour Practices	Work conditions, health and safety
The Environment	Climate control, pollution, biodiversity
Fair Operating Practices	Payment terms, corruption, property rights
Consumer Issues	Privacy, safety, fair marketing
Community	Involvement, development, employment

The **ISO 20400** journey is organisation-wide and includes the following areas and examples:

- > **Strategy** – commitment, accountability, objectives
- > **Organisation** – governance, people, stakeholders, priorities, performance
- > **Process** – procurement planning through to management and review

How can it help?

ISO 20400 provides guidance to help all organisation types and sizes, in both the public and private sectors, that may enable:

- > engagement of multiple stakeholders to achieve sustainability goals via procurement
- > sustainability to be embedded into policies, processes and procedures
- > adoption of sustainability through the supply chain
- > a 'circular economy'¹ to be established
- > innovation to achieve sustainability goals
- > environmental improvements
- > improved social return / social conditions
- > enhanced Infrastructure – eg roadworks and waterways
- > shared Corporate Social Responsibility goals with supply chain(s)
- > better planning and management of risks, opportunities and priorities
- > greater influence and promotion of due diligence
- > the positive impact(s) delivered to be reported and communicated

Embracing ISO 20400 has the potential to generate competitive benefits, including²:

- > brand recognition / differentiation
- > positive business reputation
- > increased sales
- > customer loyalty / engagement
- > operational costs savings
- > better financial performance
- > greater ability to attract talent and retain staff
- > organisational growth
- > easier access to capital
- > innovation



Applicability

Regardless of the size or type of an organisation, all the elements of **ISO 20400** are applicable in some way. No matter what the scale of change or impact, every organisation can make a difference and contribute to internal and external benefits.

¹ The Ellen MacArthur Foundation defines the circular economy as an economic and industrial system that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all time".

² NIBusinessinfo.uk, Forbes

ISO 20400 is not a 'certifiable' standard and can be applied to each organisation's specific circumstances. Based on the concept of 'continuous improvement', organisations can start the sustainable procurement journey irrespective of their experience or maturity in sustainability.

The **ISO 20400** starts with the basics and helps readers to understand:

- ✓ what Sustainable Procurement is
- ✓ what to consider when implementing sustainability procurement: policy, strategy, communications, organisational culture, process
- ✓ how to embed sustainability into the procurement processes

Collaboration

Adoption of **ISO 20400** must be an organisational-wide initiative and, while the procurement function plays a pivotal role, it cannot be their sole responsibility. It requires:

- > executive endorsement and champions to empower and facilitate change
- > sufficient resources and training to support a program of implementation
- > collaboration to take place proactively with suppliers and other stakeholders
- > focus on identifying both risks and opportunities surrounding sustainability
- > choices to be made and solutions tailored to suit all areas of the organisation
- > alignment with the organisation's existing values, sustainability and procurement policies, guidelines and practices
- > a culture of continuous improvement with respect to sustainability



An organisation's procurement function is uniquely positioned to facilitate collaborative change across multiple operational areas. Procurement can engage stakeholders with a diverse range of interests and influences (internal and external) to:

- > determine the strategies that will be required to deliver sustainable outcomes
- > work with other stakeholders to define specifications
- > identify risks and opportunities relating to sustainability programs
- > influence sustainability outcomes across the organisation
- > apply effective due diligence/responsibility for sustainability outcomes

Empowering procurement

To embrace **ISO 20400** successfully, an organisation's procurement lead must be empowered to adapt procurement operations and establish an organisation-wide program of change. This includes a commitment to adequate resources and to establishing realistic targets.

Procurement can help an organisation to:

- > convert sustainability principles into an effective supporting procurement strategy and policy framework
- > modify existing procurement practices to drive sustainability goals
- > establish risks and priorities and monitor implementation, realisation and reporting.

Embedding sustainability into procurement is mapped to the procurement process as illustrated below.



Procurement can strive for transparency across the sourcing, purchase-to-pay and contract management processes to ensure continual alignment with the organisation's sustainability goals and objectives.

Implementing the **ISO 20400** will see an organisation's procurement operation, internal stakeholders and suppliers considering, for example:

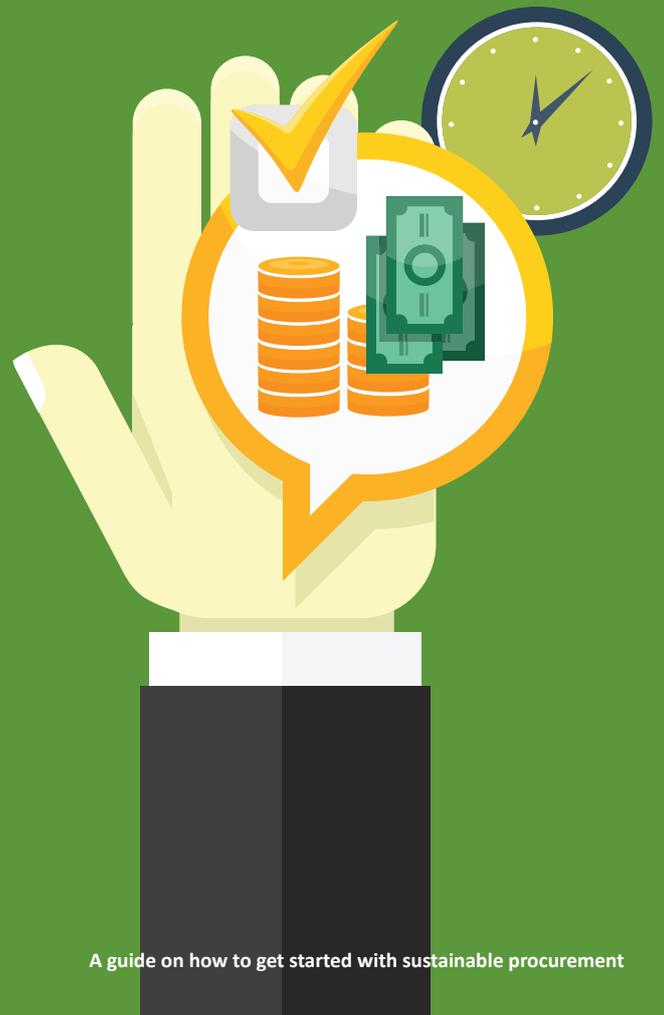
- > the impact on the working conditions under which products are produced
- > ways to further reduce the organisation's energy footprint
- > procuring products that do not pollute the environment and that can be reused and / or recycled
- > a more holistic costing methodology, eg refer "Life-Cycle costing"

Life Cycle Costing

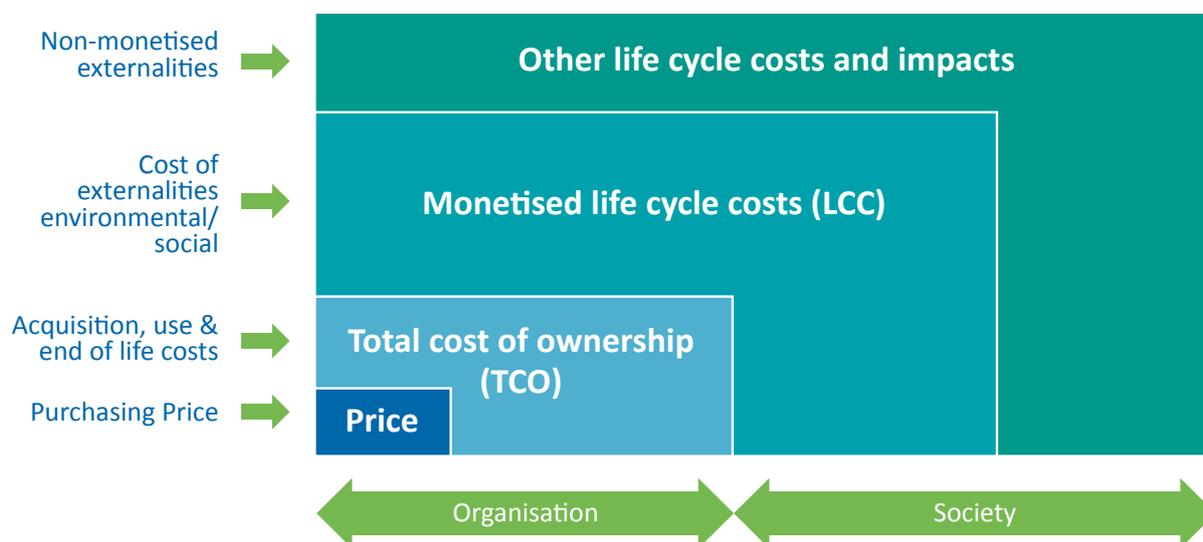
Delivering sustainable outcomes will not be without cost. Organisations must consider cost, efficiency and effectiveness when determining how to achieve sustainability objectives.

This requires adoption of sustainability criteria and collaboration with stakeholders and suppliers via commercial agreements, action plans and sustainability targets.

The adoption of a '**Life Cycle Costing**' approach can assist in the decision-making process.



Life Cycle Costing



Source: UN Environment/ISO 20400

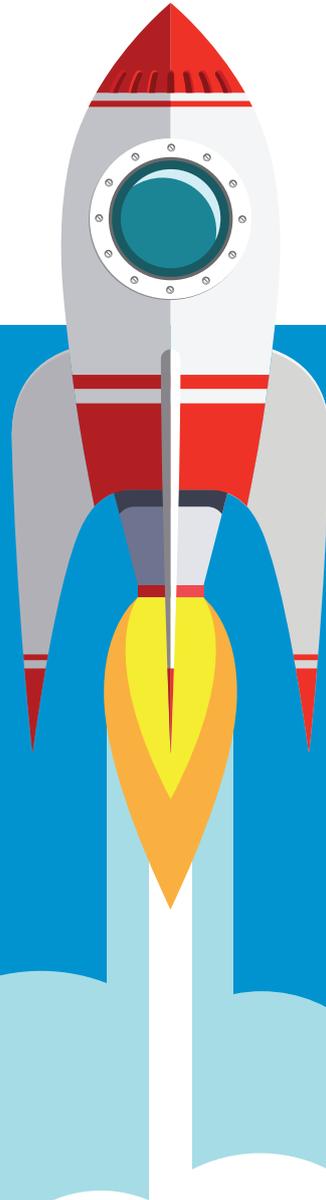
- > **Life Cycle Costing** considers all the costs that will be incurred during the lifetime of a product or service and consist of:
 - > **total cost of ownership**, eg purchase price and all associated costs (delivery, installation, insurances, etc), operating costs, including energy, fuel and water use, maintenance and replacement parts, associated consumables; and end-of-life costs, eg decommissioning or disposal
 - > **external elements** that include:
 - > positive or negative elements which can be monetised, including:
 - for the organisation: costs and benefits of risks and opportunities and mitigation and realisation
 - for society: the cost of environmental and social elements including, eg job creation or job losses.
- > All these elements should be considered and documented in the planning stages.

Get Started

Given how much ISO 20400 covers, the thought of implementing it can be daunting. However, it doesn't have to be. You can get started and establish a 'game plan' to achieve short, medium and longer-term goals with a continuous improvement focus.

Don't let the size of the bigger picture hold you back from the benefits you can achieve.

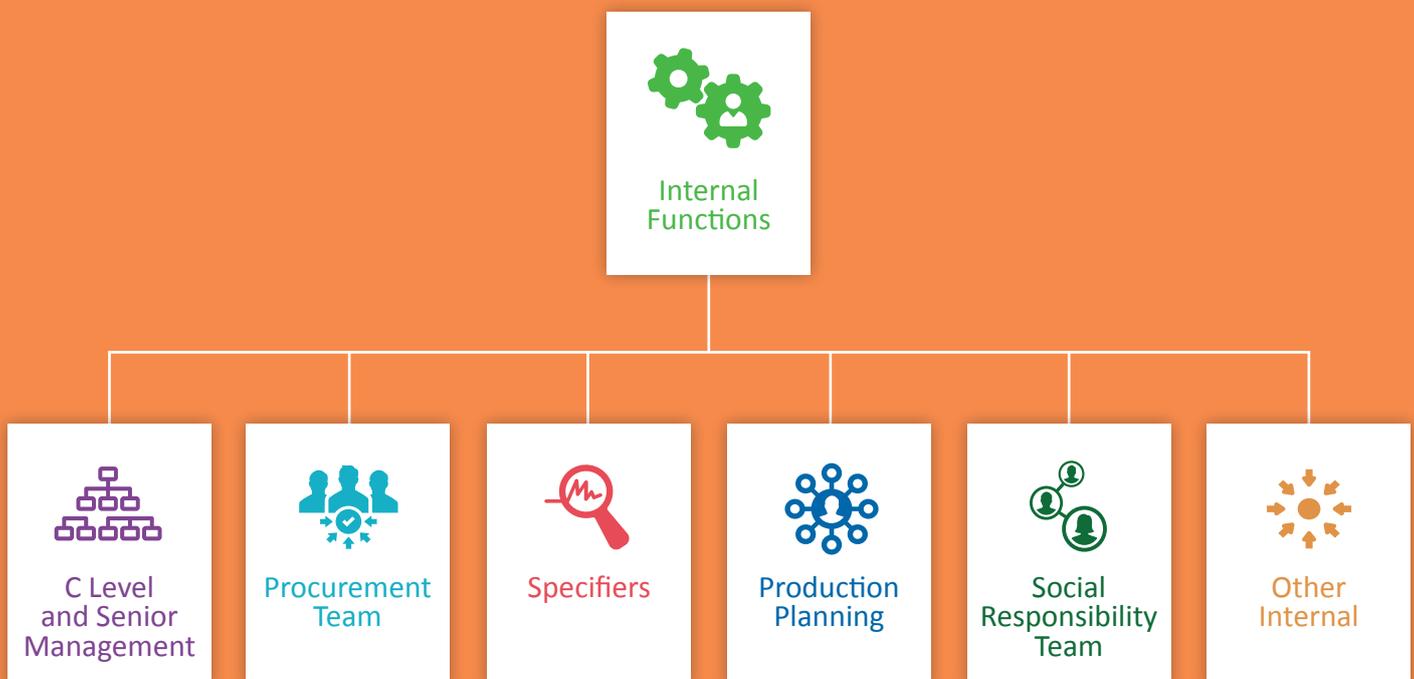
The important thing is to make a start, show your commitment and make a difference now.



Our program

info.grosvenor.com.au/get-started-sustainable-procurement

- > informs your Organisation's Executive about **ISO 20400** and gains strategic commitment
- > facilitates a three-day workshop with key executive-nominated internal stakeholders, eg:





The objective

To provide awareness and guidance for an Organisation to plan and take their first steps.

Outcome

- > the workshop participants will present a report and a recommended project plan to the Executive for input/ approval.
- > the participants will then be accountable for reporting the status and measuring outcomes.

Benefits

- > a simple and practical program with tangible outcomes to help organisations with their first steps toward sustainable procurement planning and reporting.
- > brings organisational teams together to develop and support the organisation's sustainability initiatives.
- > develop and promote professional procurement within organisations.

Need more information on our program or just need to chat about what you can do to ensure your organisation has the most positive social, environmental and economic impacts possible?

GET IN TOUCH



02 8274 9200

info.grosvenor.com.au/get-started-sustainable-procurement



PROGRESSIVE

SYSTEMS

 **GPG** GROSVENOR
PERFORMANCE
GROUP